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Finally, the scandal front and center

It has been more than five months since the Iran-Contra debacle was disclosed, and now Congress plans to put it on TV

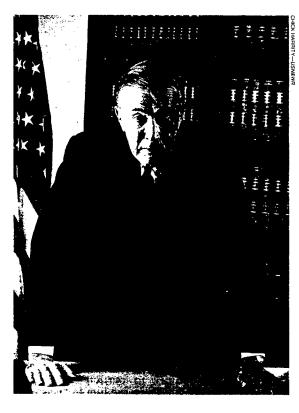
For months, as official Washington hung on every new scrap of information and most of the rest of the country turned its attention elsewhere, the investigators hired to sort out the facts in what has come to be called, for lack of a better name, the Iran-Contra affair, have been burrowing away quietly. The steady pace of the various inquiries has been punctuated, however, by a fitful frenzy of news leaks, which have bounced the story on and off of the nation's TV screens with dizzying irregularity. Now, with the televised hearings on the affair set to begin next week, the biggest scandal of the Reagan Presidency will finally move to center stage full time, bathed in the bright glare of hot klieg lights. And the advance word from the stage managers in the House and Senate promises a fascinating script and some high drama.

For those mindful of Watergate and its obsessive focus on the so-called smoking-gun evidence, members of the select committees predict disappointment. "[There is] nothing in our possession," says one source, "that would in any way approximate the . . . tapes of the Nixon administration." Which is not to suggest that there won't be fireworks. Congressional sources say the hearings are likely to prompt calls for morerestrictive legislation on covert action, doom whatever slim hopes remain for further Contra aid, produce damaging evidence that could hurt the presidential chances of Vice President George Bush and embarrass other officials.

Chairman Daniel Inouye (D-Hawaii) and his No. 2 on the Senate select committee, New Hampshire Republican Warren Rudman, say they're now confident that they have unraveled the money trail, which wound its way from Teheran through the secret Swiss bank accounts and finally to the Contras. "We'll never see where every nickel went," says Rudman, "but you will know what happened to most of it and, largely, the amounts."

A skim scam?

In an interview with U.S. News last week, Inouye and Rudman said the amount of money raised through the diversion of profits from the Iranian arms sales and the efforts of private fund-raisers working for the Contras is "much greater" than the \$10-30 million



cited by Atty. Gen. Edwin Meese when he disclosed the Iran-Contra connection back in November. The senators wouldn't provide a precise figure for the amount of money involved. But they plan to begin the hearings with an examination of the Contra connection, and if there is a shocker in the money-trail testimony, it is in how little cash actually wound up in rebel hands. Congressional sources put the figure as low as \$1

million—meaning that intermediaries in the complicated weapons deals may have walked away with tens of millions of dollars in profit. "Yes," says a well-placed congressional source, "people did get rich. That will all come out." One of the key middlemen, retired Air Force Maj. Gen. Richard Secord, could be the lead witness in the hearings next week, and may testify without immunity.

Turning the corner

Early on, it seemed that the congressional panels and the staff of independent counsel Lawrence Walsh would never be able to trace the missing money. The storied secrecy of the Swiss bankers was one barrier; the involvement of so many foreigners, beyond the reach of U.S. laws, was another. The Swiss still haven't turned over records, but congressional investigators, having issued some 180 subpoenas,

obtained many of them through secondary sources. Also, last week, when staff and committee members talked to Iranian businessman Albert Hakim in Paris, a lot more information about transactions through the Swiss accounts came to light. "I wouldn't call it a breakthrough," says a key source, "but it confirmed and bolstered a lot of what we knew."

The documents provided by Hakim



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are among more than 100,000 collected during the course of the congressional inquiry and entered into an electronic data base (see box). The committees have made unusual progress, sources say, because of the comfortable working arrangement between the House and Inouye, Rudman and their staff counsel, Arthur Liman, a veteran of several sensitive government probes. Unlike the Senate Watergate panel, members of the select committees confirm that there is real cooperation and bipartisanship. "Compared with Watergate," says Inouye, who served on

the Senate Watergate committee, "it has been like night and day."

It hasn't all been sweetness and light, however.
Congressional sources have told U.S. News that, where the White House and others have been helpful in providing documents and evidence, the Central Intelligence Agency has been something less than forthcoming. Acting Director Robert Gates has been cooperative, these sources

say, but others within the agency have been resistant. The biggest obstacle has been the inaccessibility of former CIA Director William Casey, who was recently released from Georgetown University Hospital after surgery to remove a brain tumor. Casey is unable to speak, sources say, and it's doubtful that he can ever testify.

As far as the problems with four Israelis who served as go-betweens in the arms deals are concerned, the Jerusalem government will present a report on the Iran affair to U.S. investigators this week, although in keeping with

diplomatic custom, it has thus far prevented direct interviews. Fumes a key congressional source: "We're getting a little impatient with the Israelis."

Capitol Hill also is not entirely thrilled with the inquiry being conducted by Walsh, a respected former federal judge who has entreated the committees not to proceed with further grants of immunity to participants, saying that they have caused him to "wastefully intensify" his inquiry. With a grant of limited immunity last week to Rear Adm. John Poindexter, the former national-security adviser, the two panels

brought the total number of such grants to 15, causing Walsh to do some fuming of his own.

Walsh has been exploring a theory of the Iran-Contra case that is likely to result in indictments for conspiracy to defraud the government. In the end, however, the greatest damage will probably come from the hearings. Sources say that there will be new evidence about Bush's role in the Iran affair, as well as unflatter-



Liman: Savvy pro speeded inquiry

ing depictions of the conduct of Attorney General Meese and Secretary of State George Shultz. It is also likely, the sources say, that some of the evidence will force resignations of some lower officials, particularly at State. Too, there is still the question of Ronald Reagan's role. "What did the President know about this," asks Senator Howell Heflin (D-Ala.), a member of the select committee. "... He's got a lot of explaining to do."

by Brian Duffy with Donald Baer and Melissa Healy